and mangement systems for reduction of T&D losses, efficient use of Energy, reduction in environmental degradation, use of cost-effective alternate Energy sources, and securing bilateral or multilateral assistance for programme development under the MOU.

Agreement with Hong Kong for Power Projects

2134. SHRI ISH DUTT YADAV: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that Government have entered into an agreement with a Hong Kong based company for joint power stations in the country;

(b) if so, what are the terms and conditions of the agreement;

(c) the States in which these power stations are proposed to be set up and by when these projects are likely to be set up; and

(d) the extent to which the power situation in these States is likely to be improved as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) to (d) M/s. Consolidated Electric Power Asia Limited (CEPA), a subsidiary of Hopewell Holding Limited, Hong Kong has shown preliminary interest in setting up two coal based thermal power projects of 8×660 MW capacity each. CEPA and Powergrid Corporation of India Ltd. have signed an initial Memorandum of Understanding in this regard. M/s. CEPA proposed to commission the projects in a period of about 4 to 5 years from the date of financial closure for projects.

Viability of Power Projects

2135. SHRI KRISHNA KUMAR BIRLA: Will the Minister of POWER be pleased to state:

(a) whether Government's attention has been drawn to a news-item in the 'Statesman' dated the 8th November, 1994, captioned "Doubts over viability of power projects";

(b) if so, whether the clearance to fasttract power projects in the country are creating serious financial crisis;

(c) if so, what are the details of views of Government in this regard; and

(d) the reaction of Government on draft discussion paper prepared by Indira Gandhi Institute of Development Research, Mumbai?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) Yes, Sir.

(b) No, Sir.

(c) Does not arise.

(d) The observations attributed to the discussion paper of Indira Gandhi Institute of Development Research, Mumbai have been examined by the Ministry of Power and are found to be based on certain assumptions which are unrealistic and have resulted in highly inflated counter-guarantee exposure amounts. The discussion paper assumes that the counter-guarantee would be provided to projects totalling 20,000 MW for an amount of about US $ 10 billion per year, which is assumed to be 3% of the GDP of the country. As against the assumed figure of 20,000 MW, the Government has agreed in principle to extend the counter-guarantees to eight projects for a capacity of only 4,808 MW. The counter-guarantee extended to Enron is a limited guarantee in terms of both its scope and term and places an annual guarantee limit at Rs. 1,500 crores with provisions for escalation. The payment obligations in respect of the other 7 projects for which counter guarantee has been agreed would be of the order of Rs. 7,403 crores. The Central Government's exposure is thus expected to be only about Rs. 8,903 crores (US $ 2.8 billion) for all these projects which would only be about 0.8% of the GDP if this is to be compared with the 3% of GDP figure of the discussion paper. The other assumption is that the State Electricity Boards and the States would invariably default all the time on their payment obligations to the private power companies, which is wholly against the experience of Central PSUs which have been selling massive quantum of power to the State Electricity Boards. It needs to be emphasised that the counter-guarantees in actuality do not expose the Central Government to this high degree of financial liability as there are adequate safeguards built in the scheme particularly the right of the Central Government to debit the Account of the States with the RBI into which the devolution due to the States from the Centre are credited. The possibility of the counter-guarantees actually being trigerred are extremely remote. The counter-guarantees are conceived as only a confidence building measure and there is no reason that these would lead to a financial crisis for the Central Government.

Regulation of Power Supply to Delhi by NTPC

2136. DR. NAUNIHAL SINGH: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that National Thermal Power Corporation (NTPC) has decided to regulate power supply to Delhi, following non-payment of energy bills with Delhi Electricity Supply Undertaking (DESU); if so, what are the details thereof; and